

## YOUR SAVINGS PROGRAM

There'll Be Some Changes Made !!!!

### It's Not a New Plan, But It Does Have a New Look

The change in contractors managing the national laboratory has been the impetus for change in almost every aspect of the work environment at the Department of Energy facilities on the Oak Ridge reservation. This certainly holds true for the Savings Program. In this newsletter, we would like to discuss the following.

What is a multiple employer plan? Why didn't we just divide the plans into two pieces and go from there?

Why the change in the Lockheed Martin Stock Investment Fund?

Why did we increase the participation percentage to 16%?

What about the new investment options? What's happening to the Bond Funds?

What does a change to share accounting mean to me?



### Savings Power-A Key to Financial Security

#### Welcome to One Call

The Savings Program is proud to have the Customer Service Representatives and the Interactive Voice Response System helping our participants in answering their benefit questions.

#### One Call Does It All

1-877-TO-1-CALL (1-877-861-2255) or  
574-1500



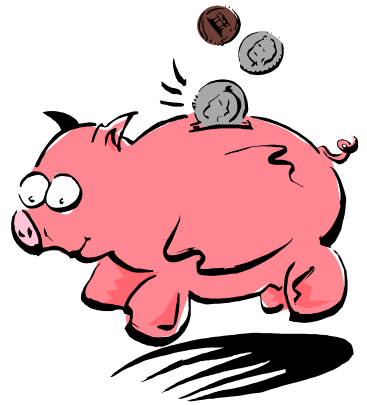
More Information?  
Call 1-888-1SAVEIT

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What is a multiple employer plan? Prior to April 1, 2000, the Savings Program was a single employer plan that provided for participation by other related employers. It was the affiliation of Lockheed Martin Energy Systems, Inc. and Lockheed Martin Energy Research Corporation through their parent corporation, Lockheed Martin Corporation that allowed the plan to operate in the past. Now that UT-Battelle, LLC, has assumed the contract responsibilities it becomes necessary to change the plan structure because the two companies are not related through a common parent. The new structure provides for a joint Retirement and Savings Plan Committee, with representatives from both companies involved in the Plan design and Plan performance. Why not divide the plan in two and each company assume the responsibility for their own participants? The primary reason is cost. It is much more cost effective to administer and operate a Savings Program with 14,000 participants than it would be to administer and operate two programs of much

smaller size. Many of the fees and expenses paid by the Savings Program participants are fees based on the total dollars under investment. If we were to divide the investment assets between two plans, the investment management expenses would be higher. The same is true for administration expenses. It was the determination of both Lockheed Martin Energy Systems and UT-Battelle management that forming a multiple employer plan would allow both companies to continue to provide quality service at the lowest cost. Does this have any other real impact on the participants? Not really. We ended up with a new name and we dropped the Lockheed Martin logo off the correspondence, but otherwise, eligibility, participation, contributions and withdrawals stayed the same, with one exception.



One of the more difficult decisions in the transition was the decision to “freeze” the Lockheed Martin Stock Investment option to new contributions and asking that the participants transfer their funds to some other option prior to April 30, 2003. The Retirement and Savings Plan Committee, the committee appointed by the Board of Directors to be responsible for both the Pension and Savings Program, deliberated continuing the Lockheed Martin Stock as an investment option and concluded that the security of only one of the multiple employers in the plan was not an appropriate investment option. The Committee concluded that it would serve the plan best by not allowing any additional contributions to the investment option after April 1, 2000 and additionally asking the participants to transfer their account balances to another investment option prior to April 30, 2003. This conclusion was neither a comment on the quality of the investment option nor the relative market value of the security. The option was changed because it did not fit in the new structure. The Committee did take into account the depressed market value of the security at this time and provided a transition window to give participants an opportunity to consider alternatives and to hopefully provide for an orderly transfer of account balances. If you are currently investing in the Lockheed Martin Stock Fund, you need to change your investment election prior to the first May payroll. You may do so by calling the Voice Response System or Customer Service Representatives at State Street Bank. If you don’t make a change in your election, the system will change your Lockheed Stock election to the Stable Value Fund.

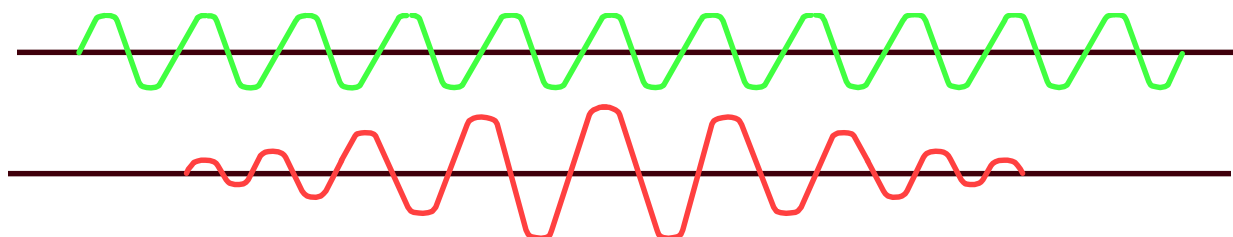


Why the increase to 16%? This particular change was contemplated before the award of the laboratory contract to UT-Battelle. The last two years results from the discrimination testing indicate that we could continue to pass the tests even if the contribution limit was increased. The Companies are pleased to be able to allow the participants to contribute even more to the Savings Program. If, however, the increase results in problems with the discrimination testing, we won’t know until July or August, it may be necessary to restrict the contribution percentages of the highly compensated participants. Please note that the increase is not automatic. If you want to increase your contribution percentage to the maximum, you must call State Street Bank.

*(Continued from page 2)*

In another of the decisions made outside the context of the new plan structure, the Committee elected to expand the investment options to include the Special Equity Fund, managed by the Managers Funds and the EuroPacific Growth Fund, managed by American Funds.

Finally, what have we done to unit values? Under the heading of new performance results, we have attempted to explain the change to unit value accounting. Be assured, the change in accounting does nothing to change the amounts of money in your investment funds and was made only to comply with certain legal requirements during the switch to a multiple employer plan. Take a look at the explanation and the new performance charts.



Do you want to read a great article about savings?

**As Stocks Fall, Sock Away More Cash;  
Tricks Are Useful for Saving in a  
Downturn**

**By JONATHAN CLEMENTS  
Staff Reporter of THE WALL STREET JOURNAL**

**When stocks go down, your savings rate should go up.**

**This could turn out to be the stock market's first losing year since 1990, as measured by Standard & Poor's 500-stock index. A tragedy? Hardly.**

**According to Chicago researcher Ibbotson Associates, 1990's loss was the only calendar-year decline in the past 18 years. Meanwhile, that 18-year stretch includes 10 years when the S&P 500 delivered 20% or more. We are long overdue for a little stock-market unpleasantness. And it doesn't have to be that unpleasant, providing you seize the opportunity by cranking up your savings rate and funneling those extra savings into stocks. That way, not only do you offset some of your stock-market losses, but also you buy shares at lower prices. Saving money, however, isn't easy. Often, we can't simply will ourselves to save more. Instead, to overcome our lack of self-control, we have to resort to silly games and psychological ploys.**

**Here are some of the tricks I use:**

#### **Gut Check**

**If success is measured by the size of one's bank balance, I qualify as a total loser. My checking account is virtually empty.**

**That, however, is by design. We all have some money that we happily spend and some we would never touch. Experts in investor psychology refer to this as "mental accounting."**

**In the untouchable category, I include all stocks and stock mutual funds. I wouldn't dream of selling these investments to pay current expenses.**

**Meanwhile, I consider my money-market fund touchable, but only occasionally. This is the place I stash my emergency reserve and cash I will spend soon, such as the money I have earmarked for home improvements.**

When it comes to my checking account, however, anything goes. This money is available to be spent. And if there is money in the account, somehow or other it gets spent. What to do? As soon as my weekly paycheck is deposited, I figure out how much I need to cover the week ahead. I then write a check for the remaining balance and send it off to one of my stock funds.

### **Cruise Control**

Good savings habits are hard to develop, so a little coercion can come in handy. That is why I am a big fan of automatic investing.

Every week, money gets pulled out of my paycheck and plunked in the company 401(k) plan. Every month, money is plucked from my bank account and stuck in my kids' college accounts. These sort of automatic investment plans are offered by mutual funds and by many company dividend-reinvestment plans.

If I had to decide each time whether to make these regular investments, I would occasionally take a pass. But because they occur automatically, I make these investments, come what may.

### **Gravy Train**

Every so often, a little extra money arrives in the mail. It might be a tax refund, the insurance reimbursement for a medical bill or a royalty check from my last book.

As far as I am concerned, this is gravy. These windfalls aren't part of my regular income, which means they are a painless source of extra savings. As soon as I deposit these checks in my bank account, I write an offsetting check and mail it off to one of my funds.

### **Pay Cash**

When you pay by credit card, it doesn't even seem like you're spending money. But if you have to stand at the register and count out \$20 bills, you are well aware of how much your purchases cost. That is why I always try to pay cash and, if not cash, then I use my debit card.

Sure, you can get frequent-flier points and other benefits by using your credit card. But the fact is, if you start flashing the credit card, it is just too easy to get into a financial bind. Before long, you have a monthly balance you can't pay in full and you are getting hit with huge finance charges.

## **Just Say No**

**If you go to the mall, you will spend money. If you browse through a mail-order catalog, you will find something you want to buy. If you visit the Web site of an online retailer, you will be tempted to make a purchase.**

**You don't want to spend money? Don't give yourself the opportunity. Whenever I feel I have been spending too much, I make a point of staying away from malls, trashing catalogs when they arrive and avoiding online shopping sites.**

**Article from the Interactive Version of the Wall Street Journal.**

**You finish first with a solid personal  
financial plan.**



**Keep In Touch  
With Benefits Mangement  
by Calling M.L. Moore at 423-574-9564  
or sending an E-mail to [ik5@ornl.gov](mailto:ik5@ornl.gov)**